



The 21st Navajo Nation Council

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Budget and Finance Committee hears audit report regarding the Office of the First Lady, directive made for corrective action plan

WINDOW ROCK, Ariz. – The Budget and Finance Committee of the 21st Navajo Nation Council heard a report today regarding the Office of the Auditor General's special review of the Office of the First Lady (OFL), which addressed pressing matters concerning the use of expenditures and activities.

The audit report investigated the alleged purchase of iPhones for the First Lady's children, excessive abuse of a tribally assigned vehicle, donations, performance measures and insurance coverage for the First Lady's children on the tribal airplane. The special review covered Fiscal Year 2009.

Although the audit found no conclusive evidence regarding the OFL's purchase of iPhones, abuse of tribal vehicles and the like, it did find that the OFL was in major violation of the following:

- 1) Lack of Oversight over Purchase card (p-card) expenditures – approximately \$1400 in p-card transactions lacked documentation; gift cards totaling \$3500 were identified and are considered as goods and services which governments generally do not provide.
- 2) Lack of Prudence when utilizing the Navajo Nation tribal airplane – four trips were identified in which the First Lady used the tribal plane for pick up in Chinle, Ariz., costing the Navajo Nation \$1,000 compared to only \$200 if a tribal vehicle was used.

The audit was conducted in accordance with Government Auditing Standards. "Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and findings regarding the entity under audit," the audit report states.

Elizabeth Begay, acting auditor general, said the OFL is to submit a corrective action by July 9, which will consist of the Office of the Auditor General's recommendations. The recommendations include: proper review by the p-cardholder; p-card reconciler and approver ensuring p-cardholders complete statement packages on time; p-card reconciler and approver ensuring final statements are submitted to the Office of the Controller; and recommending the OFL of using the tribal plane only when it is economically feasible.

"We are recommending the Office of the First Lady to comply with the operation procedures," Begay said. "They will have to do a corrective action plan with these recommendations."

"There seems to be justification of the airplane and other excessive use, but I fail to see the justifications," Council Delegate Leonard Chee (Birdsprings/Leupp/Tolani Lake) said in response to hearing the report. "A tribal plane was used to pick up children for basketball games. I wonder how much time was investigated in this audit. The way I read the report it seems like anyone can get on the tribal plane as long as insurance is provided."

Chee also said that if the First Lady is not a tribal employee and instead a volunteer, "What is a volunteer and what are they entitled to?"

In response, Begay said there is no specific provision under the Navajo Nation purchasing procedures for volunteers. She further stated the First Lady was not at issue here but it was her staff who expended her budget.

"Regarding travel, the first lady is paid per diem," Begay added. "We reviewed insurance coverage. As long as passengers have permission by Navajo Nation elected officials or employees, then the passengers will be covered under the insurance."

Council Delegate Lorenzo Curley (Houck/Lupton/Nahata Dzil) asked what the remedies were for failure to meet p-card guidelines.

Beverly Tom, the auditor who conducted the audit, said p-cards can be suspended from the programs that abuse them, which is in accordance with purchase card procedures.

"I can say that if you go through the forest, it is not in here as a recommendation," Curley remarked.

"We did not recommend the cancellation of the p-card because that is the responsibility of the Office of the Controller," Begay explained. "The Office of the Controller is supposed to cancel the p-card but that did not happen."

Mark Grant, controller for the Navajo Nation, added that a memo was sent out the previous fiscal year detailing departments and programs of their responsibility of the p-card expenditure and reconciliation process.

Patrick Sandoval, chief of staff for the Office of the President and Vice President (OPVP), said a draft corrective action plan was in place. "I am the approver; it is my fault for not doing that," he added after Council Delegate Chee asked who was in charge of approving the p-card reconciliation process at the OPVP.

Council Delegate Curley made a directive to have the final corrective action plan in place, which the committee will review at its next regular meeting. The committee accepted the auditor general's report, 5-0.

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